



Measure Market Performance and Share with the Full View of the Truth

A thorough and accurate CPG omnichannel view starts with point-of-sale data as the cornerstone, enabling accurate performance measurement and actions to drive growth.

Executive Summary

As consumer purchasing continues to expand across channels, so does the need to accurately measure market performance and share. Point-of-sale (POS) data remains the undisputed and essential cornerstone for any view of the marketplace that is based in truth and accuracy, regardless of where and how the purchases are happening.

Panel data can help fill in any gaps from missing POS data from retailers, but using it alone for market share measurement results in consistent underreporting for grocery stores and overrepresentation for mass merchandise stores that feature greater e-commerce sales – up to 2.5 percentage points off in market share for the total store. For a full and complete view of the omnichannel universe, brands need both coverage and accuracy. IRI offers clients complete omnichannel coverage of CPG using the best available data assets.

POS Data Is the Unassailable Truth for Market Measurement

In an ideal world, getting accurate consumer packaged goods (CPG) market measurement would be simple. Every single sale that moves through every brick-and-mortar register and every online transaction would be captured. Every single product sold – by every grocery chain, every mom-and-pop convenience store, every small and large online-only manufacturer or retailer – would be cataloged. And brands would be able to access all of this data with ease via a single integrated platform. Getting the most granular insights on every purchase, every product and every individual retailer would be easy.

However, that's not the world we live in. Some retailers don't share their POS data. Some channels, like the convenience channel, are so fragmented that there is simply no practical way to capture every single sale. Full visibility into direct-to-consumer sales doesn't exist. And this leaves brands in a quandary. Because there's no way to get 100% market coverage using POS data alone, marketers must rely on panel data to fill in the gaps and to achieve true, comprehensive market coverage.

Unfortunately, some companies that don't have access to retailer POS data would have you believe that just using panel data across all channels is a better way to achieve full market coverage. Because, according to them, you at least get first-party, single-sourced data using a unified, consistent methodology. But if the one source of your data is an inaccurate source, that can negatively impact your business. If your consistent methodology is lacking a full view of the truth, the only thing you are doing consistently is poorly measuring sales and market share.

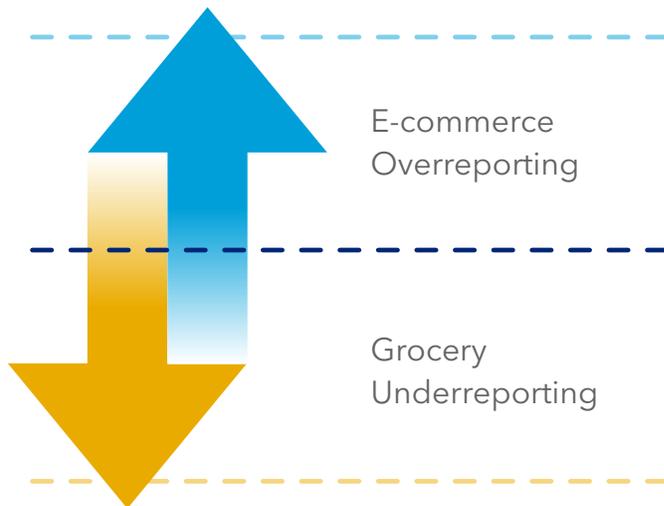
Panel data alone is not the best way to measure market performance and share when POS data is available. Even well-built panels that include about 1 million households rely on less than 1% of the U.S. population. And only a small subset of those households even submits the majority of their receipts. There are no reporting standards for the nonstatic portion of a receipt panel, and in many cases, the number of receipts can be extremely low. For these reasons, census-level POS data from as many retail stores as possible will always provide a better foundation than panel data for true sales volume.

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Using panel data to measure market share could show your share expanding when you are actually losing ground. And the data variances with panel approaches increase as you measure market share at the more granular level of categories, brands and items. With POS data, the results stay consistent and accurate as you drill down to a specific product, package size or shorter time period.

At IRI, we are confident that POS data is far superior to panel data alone for market share measurement – and we have the numbers to prove it. In a recent analysis, IRI found that by using solely panel data for market share measurement, a sampling of major retailers showed consistent underreporting for grocery stores and overrepresentation for mass merchandise stores that feature greater e-commerce sales. The panel-only data was up to 2.5 share points off for the total store compared to POS data. With many retailers and brands (in their categories) having single-digit share, a 2.5-share-point difference could translate to a 25%-50% error in reported market share.

Panel-only data can be up to 2.5 share points off



As just one example, a major national mass merchandiser – for which IRI has 96% POS coverage – showed that a panel-only provider, using its 100% panel-based estimation, was off by \$4.8 billion when assessing that retailer’s share. Panel data simply can’t compete with the depth and accuracy of POS-based measurement.

The Best Option Available

IRI covers as much of the market as possible with the most accurate, granular detail imaginable. Three-quarters of our market coverage comes in the form of comprehensive, retailer-provided POS data. We capture this data for more than 125,000 stores, as well as full POS e-commerce data for more than 20 leading retailers.

Unlike stand-alone receipt panel data, POS data does not have any self-reporting bias, reporting latency or challenges with decoding receipts. What it does have is rich and granular data down to the UPC level, including product attributes, promotions and pricing. This enables accurate performance and share measurement, as well as actions on products, pricing, promotions and inventory management to drive growth.

To cover the smaller percentage of retailers that don't share their POS data, and to cover pure-play e-commerce retailers, we offer the remaining portion of our full market coverage – roughly 25% of the market – via panel data.

More accurate and more actionable



IRI's more than 400 market measurement clients depend upon the timeliness, accuracy and item granularity that our POS data can provide. Because our clients use this data as a cornerstone for building out their precise market strategies, it must be rock solid.

Of course, we recognize the evolving world we live in and the ways in which shoppers have adapted. According to IRI OmniMarket™ E-Commerce, in 2021, 11% of total edible dollar sales and 31% of total nonedible dollar sales were bought digitally. Although e-commerce will continue to grow by double-digit rates this year, brick-and-mortar spending has rebounded more quickly than expected and even exceeded pre-pandemic levels in 2021. Recent IRI survey research shows that physical stores remain central to the grocery shopping experience, especially as retailers offer multiple fulfillment options (in-store, pickup and delivery). The notion that brick-and-mortar stores are dying, and that the POS data that is captured there is shrinking, is wrong. In fact, more shoppers are buying in-store now than they were a year ago, and more brick-and-mortar stores have opened than closed over the same period.

The Place for Panel

While suboptimal for total market measurement, panel data delivers shopper diagnostics and analytics that provide insights to better explain and anticipate consumer choices – purchasing habits, churn rates and loyalty information, for example. Panel data is a great tool to explain the consumer choices that led to the retailer's market performance, but it is not the right tool for measuring market performance. Solutions grounded in POS data are best for measuring market performance. When POS and panel data are used for their respective best use cases, then the client gets the best of both worlds.

Choose the Right Tool for the Task

At IRI, we believe that both coverage and accuracy are essential. And that is why we offer our clients the most complete omnichannel coverage of the CPG universe using the best available data assets through [IRI's OmniMarket™ View](#). We cover the comprehensive CPG market, representing \$1 trillion in annual spend, across the food, drug, mass, club (including Costco), convenience, dollar, health, beauty, pet, home improvement, office and automotive channels. This includes comprehensive e-commerce coverage across every single one of these channels.

No one should be surprised when a panel-only provider touts panel data as the ultimate solution for market measurement. At IRI, we offer a complete omnichannel toolbox that allows us to offer clients the right tool for each specific task to get right what others get wrong. These offerings include:

- POS data for superior market measurement and unrivaled granularity
- Receipt panel for cross-channel shopper insights
- Scan panel for deep core channel consumer and shopper insights
- Loyalty panel for microsegment and early-sales understanding
- Surveys for deep insights into consumer attitudes
- Always-on integrated access to results and media activation tools

IRI unifies technology, analytics and data to help our clients make smarter decisions, take faster actions and achieve exceptional performance. To that end, we will always choose the right tool for the job. And for market measurement, POS data remains the clear gold standard and ultimate source of truth. That's why it is the preferred choice of manufacturers, retailers, agencies, consultancies, the White House, Wall Street and those seeking the most accurate market share data.

If you would like to access the most accurate market measurement available in the industry today or need help with CPG performance management and analytics, reach out to your IRI representative or [email us](#).

When integrated on our proprietary IRI Liquid Data® platform, POS and panel data are aligned for a seamless and harmonized user experience.